

**SDG&E Comments on California Public Utilities Commission/California Energy Commission Joint Draft  
Proposal Senate Bill 350 Disadvantaged Communities Advisory Group Structures**

Submitted on: August 15, 2017

San Diego Gas & Electric Company (SDG&E) appreciates the opportunity to provide comments and feedback on the important issues surrounding disadvantaged communities (herein “DACs”) and how a broad group of stakeholders can collaborate to provide important input where appropriate in the form of the DAC Advisory Group as required by SB 350. SDG&E is supportive of the focus on DACs and how it can provide services or programs that would help improve the lives of its customers in these communities where feasible and effective and without unduly burdening our ratepayers. There no doubt will be the opportunity to help ensure beneficial outcomes from this work, and there are clearly challenges that can also be identified early on that should be avoided. SDG&E looks forward to contributing to a process that can achieve that success. To that end, SDG&E submits the following comments to questions on the proposal for the Disadvantaged Communities Advisory Group:

**1. In what ways should the Straw Proposal be modified to better align with the mandates of SB 350, including PU Code 400, PU Code 454.52(a)(1), PU Code 740.8, and PU Code 740.12(a)(1) and other mandates related to disadvantaged communities?**

On page 2 of the Staff Proposal, the document lists the guiding principles of the Advisory Group. The third bullet reads as follows: “Maintain the affordability of electric and gas service.” Providing reliable and safe energy at competitive prices for all its customers, and especially those who may be less advantaged, is a foundational principle for utility service. However, SDG&E is concerned that the mandates related to disadvantaged communities may overlap with mandates related to low income communities. Maintaining affordability of electric and gas services is an extremely important and broad principle that would be better suited for proceedings that govern low income programs such as California Alternate Rates for Energy (CARE) and Energy Savings Assistance (ESA) Program, the existing Low Income Oversight Board (LIOB), and potentially the task force proposed in the Low Income Barriers Study recently provided by the California Energy Commission.<sup>1</sup> SDG&E requests that this guiding principle be narrowly defined in the context of the Disadvantaged Communities Advisory Group’s role in providing advice on specific programs proposed to achieve clean energy and pollution reduction in disadvantaged communities.

**2. Are there other ways in which the Disadvantaged Communities Advisory Group can provide advice to CPUC and CEC (e.g., informal written comments to the CPUC and CEC, providing reports to the CPUC and CEC, etc.)?**

SDG&E proposes a formal process to give all interested parties an opportunity to comment. It is likely that any advice from the Advisory Group, if adopted by the Commission or CEC, could have cost implications associated with its implementation. Because these costs are usually recovered through rates, SDG&E would like the opportunity to weigh-in on any recommendation as it may directly impact its customers.

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<sup>1</sup>SB 350 Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities - California Energy Commission Final Report, December 2016 (CEC-300-2016-009-CMF).

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**3. Are there specific programs and policy areas related to SB 350 which the Disadvantaged Communities Advisory Group should focus on? If so, please name.**

As cited in the Staff Proposal, Public Utilities Code section 400(g) directs the Advisory Group to “review and provide advice on programs proposed to achieve clean energy and pollution reduction.” First, this statement references *proposed* programs which is a forward-looking statement, and it clearly limits the Advisory Group's scope of work to clean energy and pollution reduction initiatives. The Advisory Group should therefore only focus on programs that address either clean energy or pollution reduction that are proposed by the Commission through its work to implement SB 350. Any reconsideration of already-approved programs would amount to a retroactive reasonableness review which is outside the scope of the Advisory Group's responsibilities as defined by 400(g).

As for future programs, there are a few areas the Advisory Group could potentially focus on. The first is work in the Distribution Resource Plan (DRP) area that is ongoing at the Commission. For example, when distributed energy resources (DERs) can be identified and deployed to defer the building of additional peaker plants or other power assets that contribute to air quality, then those programs would seem to have an important role to play. That work is continuing and the outcomes should be considered in light of how best to serve DACs, as well as any neighborhood within the service territory. The second area is within the Integrated Resource Planning (IRP) process where impacts to DACs are being modeled and discussed.

However, there seem to be larger issues at play. While the proposal is admirable in its attempt and intentions, it is not entirely clear to SDG&E how the activity will result in higher air quality or less pollution overall in DACs. For example, targeting utility programs in DACs does not promise the ability to stop other polluting industry being built within DACs, since both can co-exist within DACs, and thereby add to the air pollution in such neighborhoods. SDG&E is not clear on how the CEC or CPUC, based on the intent of SB 350, plans to measure the ability of the programs “to achieve” cleaner air when there are other factors to be considered. Therefore, SDG&E proposes that these underlying questions should be considered by the Advisory Group and a plan for addressing them should be devised.

Similarly, the proposal wants to start by establishing an advisory group to review proposed programs before first establishing a definition of the specific problems faced, a detailed, thoughtful, meaningful look at what a program might be able to do to offset those problems, if anything, and at what cost to be paid for by whom. The needs of DACs would seemingly cut across many CPUC proceedings including procurement plans, energy efficiency, electric vehicle programs, as well as distribution and transmission planning. The Advisory Group should devise a plan for identifying what problems in DACs could be addressed or alleviated, even in a small way, in each of these proceeding areas, especially assuming the problems will be different in each proceeding.

There are also larger policy questions at play in this discussion as well. In particular, at the local level, where local governments generally decide where power plants or other heavy industry can be located and the pollution those activities contribute to nearby residential neighborhoods. It is

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not clear to what extent the utilities should be targeting DACs, and at what cost, when there are competing interests which might “undo” or “outdo” the efforts of utilities. Coordination with local governments may be key to any long-term solutions attempted within DACs to ensure these other factors are also addressed. SDG&E is concerned that an undue burden may be placed on the utilities, at ratepayer expense, when the outcomes may not achieve their desired effect. These are all considerations for areas of focus of the Advisory Group.

**4. In light of Disadvantaged Communities Advisory Group’s responsibility to review SB 350 programs, are there additional areas of knowledge or expertise that should be sought in candidates beyond those described on page three?**

SDG&E proposes two modifications to the list of selection criteria provided on page 3 of the Staff Proposal. First, the phrase “be informed” under selection criteria 1 should be replaced with “understand and explain.” This would strengthen the requirement and ensure that Advisory Group members not only have up-to-date knowledge, but also the ability to apply it. Second, the list should be expanded to include a requirement that group members are also able to demonstrate solid, meaningful professional work experience in at least one of the fields listed under Question #5 below. Because the Advisory Group will be tasked with reviewing clean energy and emission reduction programs, it is important that they have practical, real-world experience so that the group can provide informed and useful feedback to the Commission and stakeholders.

The Advisory Group must be well versed in CPUC & CEC policy and have a deep understanding of the regulatory and rate implications that may result based on its recommendations. It is imperative that the members of the Disadvantaged Communities Advisory Group also act on behalf of all ratepayers in addition to focusing on the members of disadvantaged communities.

**5. The Advisory Group may review technical information regarding proceedings and programs related to integrated resource planning, transportation electrification, and other clean energy technologies. Should prospective members be recruited who have an interest or background/experience in one or more of the following subject areas? Explain your response.**

As explained above in response to Question #4, SDG&E believes that work experience in at least one of the fields below should be included as a selection criteria for Advisory Group members. Additionally, as a whole, the Advisory Group should have experience in all of these areas. Clean energy and emission reduction programs are complex, and they cannot be thoroughly reviewed or understood without the relevant technical and regulatory expertise. Without this background knowledge and experience, it would be a challenge for the group to adequately evaluate the potential effectiveness and usefulness of proposed programs as required by 400(g).

The items below provide a comprehensive list of clean energy and emission reduction topics. To this list, SDG&E recommends adding a seventh and eighth item, specifically, “transmission and

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distribution” and “financial and/or economics.” Energy cannot reach customers without use of the grid. In order to understand the implications of any energy program (which is relevant to the Advisory Group's scope of work), it is imperative that the Advisory Group have a basic knowledge of the electrical system, clean energy, emission reduction, and electric resource planning. Also, it is critical that the Advisory Group understand the financial implication of its proposals and be able to weigh the cost benefit of each proposal to determine how best to prioritize.

**a. Clean energy technologies, such as distributed generation, energy efficiency, renewables, etc.**

**b. Transportation electrification;**

**c. Electric or Natural Gas resource planning;**

**d. Local economics (including job and training potential) with respect to clean energy development;**

**e. Air quality and related health impacts; or**

**f. Greenhouse gas and/or air pollutant controls from a technical or policy perspective.**

***g. Transmission and distribution***

***h. Financial and/or economics***

**6. Are there any other subject area backgrounds that the Commissions should seek out in prospective applicants?**

See responses to Questions #4 and #5 above.

**7. Should the Advisory Group charter assign specific roles to the eleven member positions based on policy, issue or geographic areas, such as “air quality/health impacts designee” or “transportation electrification designee”?**

SDG&E supports the designation of a “lead” by topic and based on areas of expertise, because having a specific point of contact should help the Advisory Group operate more efficiently. However, Public Utilities Code section 400(g) clearly places the responsibility to review and provide advice on all Advisory Group members. As such, the Commission should ensure that the group is structured to weigh the opinion of all group members to prevent any one member from having undue influence.

**8. Should any leadership positions be designated in the Group’s charter, other than Chair, and Secretary? Should the officers’ roles be assigned to particular specialties or represented particular communities, rather than be open to any interested members? Are there additional responsibilities desired for each position?**

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The Advisory Group should include leaders within the industry/business type, subject matter professionals, and community leaders interested in establishing policy objectives. It is also advised to include a stakeholder member on the leadership team responsible for helping guide the planning projects.

As a general requirement, potential leaders should have the following:

- Knowledge and understanding of the issues and challenges facing the communities
- Previous volunteer leadership or Board experience

**9. If the CPUC and CEC cannot find willing candidates with the desired qualifications, how should they proceed to establish the Advisory Group?**

At a minimum, the Advisory Group should have representation from each jurisdiction responsible for implementing programs. This smaller advisory group can then focus directly and solely on the issue(s) for which it has been created.

**10. How can the work of the Disadvantaged Communities Advisory Group and the Low Income Oversight Board (LIOB) be best coordinated?**

Before SDG&E can fully comment on how the LIOB or any other stakeholder group should coordinate with the Disadvantaged Communities Advisory Group, it is important for the Commission to first define the scope, roles, responsibilities, and funding sources for the Disadvantaged Communities Advisory Group. It is critical that this advisory group consider other CPUC proceedings that may target disadvantaged communities and the impact that its recommendations may have on regulatory and policy mandates (e.g., cost effectiveness). Additionally, consideration should be given to whether this advisory group may be duplicative with the task force being recommended as part of the SB 350 Low Income Barriers Study.

For purposes of coordination with LIOB, SDG&E proposes having the Disadvantaged Communities Advisory Group provide a regular update/presentation at LIOB meetings.

**11. How can the work of the Disadvantaged Communities Advisory Group and the Air Resources Board's Environmental Justice Advisory Committee be best coordinated?**

SDG&E suggests the following ways to coordinate the work of the Disadvantaged Communities Advisory Group and the Air Resources Board's Environmental Justice Advisory Committee:

- Meet and discuss common goals between the Disadvantaged Communities Advisory Group and the Air Resources Board's Environmental Justice Advisory Committee
- Develop a plan for continued coordination on common interests and proceedings